NACA’S STATEMENT ON PRESIDENT OBAMA’S EXECUTIVE ORDER ON FAIR PAY AND SAFE WORKPLACES

Release Date:
July 31, 2014

Contact: Ellen Taverna
202-452-1989, ext. 109
ellen@naca.net

Washington, DC – The following is a statement from National Association of Consumer Advocates’ (NACA) Executive Director Ira Rheingold in response to President Obama’s executive order banning companies seeking government contracts from forcing their employees into arbitration over civil rights or sexual harassment claims.

NACA applauds the President’s bold move to strengthen the enforcement of our civil rights laws. Today’s Executive Order will allow workers who may have been sexually assaulted or had their civil rights violated to take back their rights and get their day in court.

Emboldened by recent U.S. Supreme Court decisions, corporations have been using forced arbitration clauses in the fine print of often non-negotiable contracts to strip workers and consumers of the right to hold them accountable in a court if a dispute arises later. Due to the high prevalence of forced arbitration clauses and class action bans, corporations have a virtual get-out-of-jail free card by forcing consumers and workers into private arbitration that holds none of the protections of our civil justice system like discovery or meaningful appeal. Forced arbitration has also weakened the value of federal and state laws by removing the ability to enforce those laws in court.

We call on members of Congress to pick up where the White House has left off. The Arbitration Fairness Act of 2013 (AFA) [S.878 /H.R.1844], would prevent the enforcement of forced arbitration clauses in all civil rights, employment, antitrust, and consumer disputes. The legislation would only prohibit forced arbitration not voluntary arbitration that occurs after a dispute arises.

In the Dodd-Frank Wall Street Reform and Consumer Protection Act, Congress has already mandated the Consumer Financial Protection Bureau (CFPB) to ban forced arbitration in consumer mortgage and home equity loan contracts. Congress also provided the CFPB the power to restrict the use of forced arbitration by all lenders under its jurisdiction after first studying the issue. We believe the evidence will support the CFPB issuing a strong rule to eliminate forced arbitration clauses from all consumer financial service contracts.

#